EXHIBIT I

Fairfield Sentry Limited

Directors' report and financial statements
for the years ended December 31, 2007 and 2006
Road Town, Tortola
British Virgin Islands

Contents

1 Directors and other information

1.1 Directors and other information

Board of directors
Mr Walter M. Noel, Jr. *(non-executive director)*
Mr Jan R. Naess *(non-executive director)*
Mr Peter P. Schmid *(non-executive director)*

Investment manager
Fairfield Greenwich (Bermuda) Ltd.
12 Church Street
Suite 606
Hamilton, Bermuda HM 11

Registered office
Fairfield Sentry Limited
c/o Codan Trust Company (B.V.I.) Ltd.
P.O. Box 3140
Romasco Place, Wickhams Cay
Road Town, Tortola
British Virgin Islands

Auditors
PricewaterhouseCoopers LLP
77 King Street, Royal Trust Tower
Toronto, Ontario
M5K 1G8
Canada

Administrator, registrar and transfer agent
Citco Fund Services (Europe) B.V.
Telestone 8 - Teleport
Naritaweg 165
1043 BW Amsterdam
The Netherlands

Legal advisor
DLA Piper US LLP
1251 Avenue of the Americas
New York, New York 10020-1104
United States of America

Bank
Citco Bank Nederland N.V., Dublin Branch
Customs House Plaza Block 6
International Financial Services Centre
P.O. Box 6639 Dublin - 1
Ireland

Custodian
Citco Global Custody N.V.
6 Customs House Plaza Harbourmaster Plaza
Dublin 1
Ireland

B.V.I. Counsel
Conyers, Dill & Pearman
P.O. Box 3140
Romasco Place, Wickhams Cay
Road Town, Tortola
British Virgin Islands

2 Directors' report

2.1 Directors' report

Results for the period year ended December 31, 2007 were satisfactory. Fairfield Sentry Limited ("Sentry") returned 7.34%, net of fees during the year, compared with a return of 9.38% in 2006. Expenses, including performance and management fees, were 28.20% of gross income.

The trading strategy of the Company requires a favorable environment for its implementation. The strategy performs best in gradually trending markets with an upward bias and with moderate volatility and good liquidity. A market environment in which large cap US equities displays a sustained one to two percent move with no pullback is considered quite favorable. The worst market environment for the strategy is a stagnant to downward trending market with little volatility and no volume.

Since October 2002 Sentry has been allocating up to 5% of its assets to new investment vehicles managed by experienced management teams establishing themselves in new investment businesses. These investments may also include strategic allocations to experienced managers in established funds. At December 31, 2007, these investments represented approximately 2.80% of Sentry's portfolio.

3 Financial statements

3.1 Auditors' Report

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
Chartered Accountants
PO Box 82
Royal Trust Tower, Suite 3000
Toronto Dominion Centre
Toronto, Ontario
Canada M5K 1G8
Telephone +1 416 863 1133
Facsimile +1 416 365 8215

April 7, 2008

Report of Independent Auditors

To the Directors and Shareholders of
Fairfield Sentry Limited

In our opinion, the accompanying balance sheet and the related income statement, the statement of changes in net assets attributable to holders of redeemable participating shares and the cash flow statement present fairly, in all material respects, the financial position of **Fairfield Sentry Limited** (the "Company") as of December 31, 2007 and the results of its operations, the changes in its net assets attributable to holders of redeemable participating shares and its cash flows for the year then ended in conformity with International Financial Reporting Standards. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these financial statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the Company's management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

3.2 Balance sheet as at December 31, 2007 and 2006

(All amounts in USD thousands, except per share amounts and unless otherwise stated)

	Notes	2007	2006
Assets			
Cash and cash equivalents	*3.6.4*	103,966	622,866
Financial assets at fair value through profit or loss	*3.6.5*	7,173,165	5,555,567
Redemptions for redeemable participating shares paid in advance		-	4,051
Dividends receivable		255	3,395
Prepaid subscriptions into financial assets		-	25,087
Total assets		7,277,386	6,210,966
Liabilities			
Subscriptions for redeemable participating shares received in advance		51,123	520,737
Redemptions for redeemable participating shares payable		-	188
Fees payable and accrued expenses	*3.6.7*	79,204	65,326
Total liabilities (excluding net assets attributable to holders of redeemable participating shares)		130,327	586,251
Net assets attributable to holders of redeemable participating shares	*3.6.8*	7,147,059	5,624,715
Total liabilities		7,277,386	6,210,966
Net asset value per share based on net asset value of 7,147,059 (2006: 5,624,715) and 5,533,438.46 (2006: 4,674,576.45) shares outstanding.	*3.6.8*	1,291.61	1,203.26

The accompanying notes are an integral part of these financial statements.

3.3 Income statement for the years ended December 31, 2007 and 2006

(All amounts in USD thousands, except per share amounts and unless otherwise stated)

	Notes	2007	2006
Investment income			
Interest income		6,073	3,685
Dividend income		50,426	82,563
Other income		1,658	2,385
Net gains on financial assets and liabilities at fair value through profit or loss	*3.6.5*	624,752	549,938
Total investment income		682,909	638,571
Expenses			
Management fees	*3.6.9*	67,322	50,465
Performance fees	*3.6.9*	116,157	107,779
Administration fees	*3.6.9*	4,117	3,079
Legal and professional fees		212	113
Bank charges and commissions		317	215
Directors' fees	*3.6.9*	103	25
Other operating expenses		4,325	2,319
Total operating expenses		192,553	163,995
Profit before taxation		490,356	474,576
Withholding tax		(14,973)	(24,622)
Change in net assets attributable to holders of redeemable participating shares resulting from operations		475,383	449,954

The accompanying notes are an integral part of these financial statements.

3.4 Statement of changes in net assets attributable to holders of redeemable participating shares for the years ended December 31, 2007 and 2006

(All amounts in USD thousands, except per share amounts and unless otherwise stated)

	Number of shares	USD
Balances as at December 31, 2005	4,444,774.98	4,889,589
Issue of redeemable participating shares	1,023,548.53	1,183,814
Redemption of redeemable participating shares	(793,747.06)	(898,642)
Change in net assets attributable to holders of redeemable participating shares resulting from operations	-	449,954
Balances at December 31, 2006	4,674,576.45	5,624,715
Issue of redeemable participating shares	1,939,455.26	2,393,826
Redemption of redeemable participating shares	(1,080,593.25)	(1,346,865)
Change in net assets attributable to holders of redeemable participating shares resulting from operations	-	475,383
Balances at December 31, 2007	5,533,438.46	7,147,059

The accompanying notes are an integral part of these financial statements.

3.5 Cash flow statement for the years ended December 31, 2007 and 2006

(All amounts in USD thousands, except per share amounts and unless otherwise stated)

	2007	2006
Increase in net assets attributable to holders of redeemable participating shares from operations	475,383	449,954
Adjustments for:		
Interest income	(6,073)	(3,685)
Dividend income	(50,426)	(82,563)
Withholding tax	14,973	24,622
Operating profit before working capital changes	433,857	388,328
Net increase in financial assets at fair value through profit or loss	(1,617,598)	(620,397)
Net increase/(decrease) in fees payable and accrued expenses	13,878	(293)
Cash used in operations	(1,169,863)	(232,362)
Withholding tax	(14,973)	(24,622)
Interest received	6,073	3,685
Dividend received	53,566	80,799
Net cash used in operating activities	(1,125,197)	(172,500)
Cash flows from financing activities		
(Decrease)/increase in subscriptions for redeemable participating shares received in advance	(469,614)	498,196
Decrease/(increase) in redemptions for redeemable participating shares paid in advance	4,051	(1,701)
Decrease/(increase) in prepaid subscriptions into financial assets	25,087	(25,087)
Issue of redeemable participating shares	2,393,826	1,183,814
Redemptions of redeemable participating shares	(1,346,865)	(898,642)
(Decrease)/increase in redemptions for redeemable participating shares payable	(188)	188
Net cash from financing activities	606,297	756,768
Net (decrease)/increase in cash and cash equivalents	(518,900)	584,268
Cash and cash equivalents at beginning of the year	622,866	38,598
Cash and cash equivalents at end of the year	103,966	622,866

The accompanying notes are an integral part of these financial statements.

3.6 Notes to financials statements as at December 31, 2007 and 2006

(All amounts in USD thousands, except per share amounts and unless otherwise stated)

3.6.1 General

Fairfield Sentry Limited (the "Company") is an open-ended investment fund domiciled and incorporated in the British Virgin Islands on October 30, 1990 under the provisions of The Mutual Funds Law of the British Virgin Islands. The Company commenced operations on December 1, 1990. The address of its registered office is P.O. Box 3140, Romasco Place, Wickhams Cay, Road Town, Tortola, British Virgin Islands.

The investment manager of the Company is Fairfield Greenwich (Bermuda) Ltd. (the "Investment Manager'), a corporation organized under the laws of Bermuda. On March 27, 2006 the investment manager filed to become a registered investment advisor with the Securities and Exchange Commission. The registration became effective April 20, 2006.

The Investment Manager utilizes an option trading strategy, known as a "split strike conversion". In addition, the Investment Manager has allocated relatively small portions of the Company's assets to other strategies typically sub-advised by experienced personnel starting new businesses (the "Non-SCC Investments"). Allocations to Non-SCC Investments may never exceed, in the aggregate, 5% of the Company's net asset value at the time of the investment. It is anticipated that the other allocations will be made to new investment vehicles, with no single allocation exceeding USD 50,000,000 at the time of the investment. Non-split strike conversion investments may also include strategic allocations to experienced managers in established funds.

The administrator of the Company is Citco Fund Services (Europe) B.V.

The Company has no employees.

The Company's financial statements were authorised for issue on April 7, 2008 by the Board of Directors.

3.6.2 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements are prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

3.6 Notes to financials statements as at December 31, 2007 and 2006

(All figures in USD thousands, except per share amounts and unless otherwise stated)

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Because of the inherent uncertainty of valuation for all fair value investments and interests, the estimate of fair value may differ from the values that would have been used had a ready market existed, and the differences could be material.

All references to net assets throughout this document refer to net assets attributable to holders of redeemable participating shares unless otherwise stated.

The balance sheet presents assets and liabilities in decreasing order of liquidity and does not distinguish between current and non-current items. All the Company's assets and liabilities are held for the purpose of being traded or are expected to be realized within one year.

IFRS 7, Financial Instruments: Disclosures, and the complementary Amendment to IAS 1, Presentation of Financial Statements - Capital Disclosures, came in to effect in 2007. IFRS 7 introduces new disclosures relating to financial instruments. This standard does not have any impact on the classification and valuation of the Company's financial instruments. In accordance with the requirements of the Amendment to IAS 1, additional disclosures have been provided on the Company's objectives and policies for its capital, which is represented by the net assets attributable to the holders of redeemable shares. There is no impact on the classification of the Company's capital.

Foreign currency translation

(a) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the USD, which reflects the Company's primary activity of investing in USD securities and derivatives. Redeemable participating shares in the Company are denominated in USD. The financial statements are presented in USD which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Translation differences on non-monetary financial assets and liabilities such as equities at fair value through profit or loss are recognized in the income statement within the fair value net gain or loss.

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents include cash on hand, deposits held with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Due from/to brokers

Amounts due from/to brokers represent payables for securities purchased and receivables for securities sold that have been contracted for but not yet delivered by the end of the year.

3.6 Notes to financials statements as at December 31, 2007 and 2006

(All figures in USD thousands, except per share amounts and unless otherwise stated)

Financial assets at fair value through profit or loss

Management designates the Company's investments in debt and equity securities, and related derivatives as financial assets at fair value through profit or loss.

A financial asset or financial liability at fair value through profit or loss is a financial asset or financial liability that meets either of the following conditions:

(a) It is classified as held for trading. A financial asset or liability is classified as held for trading if it is:
   (i) acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
   (ii) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking or
   (iii) a derivative

(b) Upon recognition it is designated by the entity as at fair value through profit or loss.

All other financial assets are classified as loans and receivables and valued at amortized cost. Other financial liabilities that are not at fair value through profit or loss or redeemable participating shares are classified as other liabilities and are valued at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Interest income is presented under net gains and losses on financial assets and liabilities at fair value through profit and loss.

The Company does not designate any derivatives as hedges in a hedging relationship.

Regular-way purchases and sales of investments are recognized on trade date, which is the date the Company commits to purchase or sell the investment. Investments are initially recognized at cost. Transaction costs are expensed as incurred. Investments are derecognized when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

Listed securities are valued at the last reported bid price if owned and asked price if sold short on the last business day of the valuation period.

3.6 Notes to financials statements as at December 31, 2007 and 2006

(All figures in USD thousands, except per share amounts and unless otherwise stated)

Unlisted securities are valued at their fair values as determined by management in consultation with the Investment Manager in accordance with recognised accounting and financial principles. In this respect, investments in other investment companies are valued at the net asset value per share on the day of valuation as calculated by the related administrators, unless the directors are aware of good reasons why such valuation would not be the most appropriate indicator of fair value.

Determination of gains or losses on financial assets and liabilities at fair value through profit or loss

Both realized and unrealized gains and losses on financial assets and liabilities at fair value through profit or loss are taken as income and expenses as incurred. Realised gains and losses on sales of financial assets and liabilities at fair value through profit or loss are calculated on a first-in-first-out basis. The difference between the cost and the fair value of financial assets and liabilities at fair value through profit or loss is reflected in the income statement as net gains on financial assets and liabilities at fair value through profit or loss.

Derivative financial instruments

Derivative financial instruments including option contracts are initially recognized on the balance sheet at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value.

Fair values are primarily obtained from quoted market prices. All derivatives are recorded as assets when amounts are receivable by the Company and as liabilities when amounts are payable by the Company. Changes in the fair values of derivatives are included in the income statement.

Initial margin deposits are made upon entering into forward contracts and are generally made in cash. During the period the contract is open, changes in the value of the contracts are recognized as unrealized gains or losses by 'marking-to-market' on a daily basis to reflect the market value of the contract at the end of each day's trading.

Variation margin payments are made or received, depending upon whether unrealized losses or gains are incurred. Unrealized gains are reported as an asset and unrealized losses are reported as a liability in the balance sheet. When the contract is closed, the Company records a realized gain or loss equal to the difference between the proceeds from (or cost of) the closing transaction and the Company's basis in the contract.

An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, to either buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price. The seller receives a premium from the purchaser in consideration for the assumption of future securities price. The Fund is exposed to credit risk on purchased options only to the extent of their carrying amount, which is their fair value.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported on the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

3.6 Notes to financials statements as at December 31, 2007 and 2006

(All figures in USD thousands, except per share amounts and unless otherwise stated)

Redeemable participating shares

A continuous offering of redeemable participating shares is taking place and participating shares will be issued on the first business day of each month at a price equal to the net asset value per participating share computed on the immediately preceding valuation date (being the last business day of each calendar month and such other days as the directors may determine). The minimum initial investment per subscriber is USD 100,000. Following this initial investment, a shareholder may make additional investments in amounts of not less than USD 50,000.

Redemptions of redeemable participating shares and can be made on the last business day of each month (the "Valuation Date") at a price equal to the net asset value of that month upon 15 calendar days written notice prior to the Valuation Date.

The net asset value per share for any valuation date is determined by dividing the value of the assets of the Company less its liabilities at the close of business on such Valuation Date, by the number of shares outstanding at that date.

The Company issues redeemable shares, which are redeemable at the holder's option and are classified as financial liabilities. Redeemable shares can be put back to the Company at any time for cash equal to a proportionate share of the Company's net asset value. The redeemable share is carried at the redemption amount that is payable at the balance sheet date if the holder exercises the right to put the share back to the Company.

In accordance with the provisions of the Company's regulations, investment positions are valued based on the last traded market price for the purpose of determining the net asset value per share for subscriptions and redemptions. (Refer to note 3.6.11 Reconciliation of IFRS - US GAAP.)

Subscriptions for redeemable participating shares received in advance represent monies received by the Company before the Company's dealing date for redeemable participating shares issued.

Redemptions for redeemable participating shares paid in advance represent monies paid by the Company before the Company's dealing date for redeemable participating shares. (Refer to note 3.6.3 Redemptions Payable.)

Interest income and expense

Interest income and expense are recognized in the income statement on an accrual basis.

Dividend income

Dividend income is recognized when the right to receive payment is established. Dividend income received by the Company is subject to foreign withholding taxes.

Expenses

Expenses are accounted for on an accrual basis.

3.6 Notes to financials statements as at December 31, 2007 and 2006

(All figures in USD thousands, except per share amounts and unless otherwise stated)

Taxation

Under current laws of the British Virgin Islands, there are no income, estate, transfer, sales or other British Virgin Island taxes payable by the Company. Generally, the Company intends to conduct its affairs so as not to be liable to taxation in any other jurisdiction; however, the Company may invest in securities whose income is subject to non-refundable foreign withholding taxes, which have been separately stated in the income statement.

3.6.3 Redemptions payable

The Company has received redemption notices as of December 31, 2007. These amounts are included in net assets attributable to holders of redeemable participating shares and are not reflected as redemptions for redeemable participating shares payable. The amount of net assets attributable to holders of redeemable participating shares at December 31, 2007 subject to redemption notices which have been received is 107,460 (2006: 76,790).

3.6.4 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents include the following items:

	2007	2006
Cash at banks	103,928	622,822
Cash at brokers	38	44
	103,966	622,866

As at December 31, 2007 and 2006 there is no restricted cash.

3.6.5 Financial assets at fair value through profit or loss

As at December 31, 2007, the Company's financial assets at fair value through profit or loss comprised the following positions:

	Market Value	% of net assets of the Company %
United States		
USA 02/21/2008 Treasury Bills	581,792	8.14
USA 02/28/2008 Treasury Bills	581,412	8.13
USA 03/06/2008 Treasury Bills	581,062	8.13
USA 03/13/2008 Treasury Bills	580,664	8.13
USA 03/20/2008Treasury Bills	580,208	8.12
USA 03/27/2008 Treasury Bills	579,799	8.11
USA 04/03/2008 Treasury Bills	297	0.01
USA 04/10/2008 Treasury Bills	579,046	8.10
USA 04/17/2008 Treasury Bills	578,771	8.10
USA 04/24/2008 Treasury Bills	578,356	8.09

3.6 Notes to financials statements as at December 31, 2007 and 2006

(All figures in USD thousands, except per share amounts and unless otherwise stated)

USA 05/01/2008 Treasury Bills	577,860	8.09
USA 05/08/2008 Treasury Bills	577,515	8.08
USA 05/15/2008 Treasury Bills	577,124	8.07
Total United States	6,953,906	97.30
Funds		
Arlington International Fund Ltd.	9	0.00%
Boiro FIF Leveraged Note I	20,673	0.29%
Boiro FIF Leveraged Note II	14,860	0.21%
Chester Global Emerging markets Fund Ltd.	857	0.01%
Chester Global Strategy Fund Ltd.	5,120	0.07%
Chester Horizons Fund Ltd.	3,041	0.04%
Enhanced Fairfield Investment Fund Ltd.	17,642	0.25%
Enhanced Guardian II Fund Ltd.	5,437	0.08%
Fairfield Aerium International, SCA	1,597	0.02%
Fairfield Argenis Healthcare Fund Ltd.	4,345	0.06%
Fairfield Del Mar Fund Ltd.	1,071	0.02%
Fairfield Fortitude Australian Absolute Return Fund Ltd.	6	0.00%
Fairfield Ichan Fund Ltd.	39,523	0.55%
Fairfield ICAP Absolute Return Fund Ltd.	300	0.00%
Fairfield Investment Fund Ltd.	1,010	0.01%
Fairfield Lion Investment Fund (Asia) Ltd.	78	0.00%
Fairfield Lion Japan Equity Fund Ltd.	4,903	0.07%
Fairfield Manhasset Offshore Fund Ltd.	30,694	0.43%
Fairfield Parabolic Partners Fund Ltd.	7,753	0.11%
Fairfield Paradigm Fund Ltd.	18	0.00%
Fairfield Raven Credit Opportunities Fund Ltd.	37	0.00%
Fairfield Redstone Fund Ltd.	138	0.00%
Fairfield Treeline Fund, Ltd	26,099	0.37%
Fairfield Wilshire Portable Alpha Fund	29,137	0.41%
Irongate Global Strategy Fund Ltd.	4,893	0.07%
NGA Fairfield Ltd.	18	0.00%
Total Funds	219,259	3.07%
Total financial assets at fair value through profit or loss	7,173,165	100.37

As at December 31, 2006, the Company's financial assets at fair value through profit or loss comprised the following positions:

3.6 Notes to financials statements as at December 31, 2007 and 2006

(All figures in USD thousands, except per share amounts and unless otherwise stated)

	Market Value	% of net assets of the Company
United States		
USA 02/01/2007 Treasury Bills	360,819	6.41
USA 02/08/2007 Treasury Bills	360,475	6.41
USA 02/15/2007 Treasury Bills	360,102	6.40
USA 02/22/2007 Treasury Bills	359,758	6.40
USA 03/01/2007 Treasury Bills	359,402	6.39
USA 03/08/2007 Treasury Bills	359,055	6.38
USA 03/15/2007 Treasury Bills	358,721	6.38
USA 03/22/2007 Treasury Bills	358,355	6.37
USA 03/29/2007 Treasury Bills	358,152	6.37
USA 04/05/2007 Treasury Bills	357,796	6.36
USA 04/12/2007 Treasury Bills	357,315	6.35
USA 04/19/2007 Treasury Bills	356,970	6.35
USA 04/26/2007 Treasury Bills	356,615	6.34
USA 05/03/2007 Treasury Bills	356,271	6.33
USA 05/10/2007 Treasury Bills	355,938	6.33
Total United States	5,375,744	95.57
Funds		
Arlington International Fund Ltd.	287	0.01
Chester Global Strategy Fund Ltd.	6,380	0.11
Chester Horizons Fund Ltd.	494	0.01
Enhanced Fairfield Investment Fund Ltd.	15,708	0.28
Enhanced Guardian II Fund Ltd.	5,050	0.09
Fairfield Aerium International, SCA	1,443	0.03
Fairfield Argenis Healthcare Fund Ltd.	55,532	0.99
Fairfield Del Mar Fund Ltd.	82	0.00
Fairfield Fortitude Australian Absolute Return Fund Ltd.	12	0.00
Fairfield ICAP Absolute Return Fund Ltd.	37	0.00
Fairfield Investment Fund Ltd.	959	0.02
Fairfield Lion Investment Fund (Asia) Ltd.	66	0.00
Fairfield Manhasset Offshore Fund Ltd.	26,345	0.47
Fairfield Parabolic Partners Fund Ltd.	8,191	0.15
Fairfield Paradigm Fund Ltd.	31	0.00
Fairfield Raven Credit Opportunities Fund Ltd.	38	0.00
Fairfield Redstone Fund Ltd.	139	0.00
Farallon Capital Offshore Investors, Inc.	52,340	0.93
FIF Advanced Ltd.	1,909	0.03
Irongate Global Strategy Fund Ltd.	4,755	0.08
NGA Fairfield Ltd.	25	0.00
Total Funds	179,823	3.20
Total financial assets at fair value through profit or loss	$5,555,567	98.77

3.6 Notes to financials statements as at December 31, 2007 and 2006
(All figures in USD thousands, except per share amounts and unless otherwise stated)

The Company's net gains on financial assets and liabilities at fair value through profit or loss are comprised of the following:

	2007	2006
Realized	627,045	543,644
Unrealized	(2,293)	6,294
Total gains	624,752	549,938

3.6.6 Risks associated with financial instruments

The Company can maintain positions in a variety of derivative and non-derivative financial instruments as dictated by its investment management strategy. The Company's investment portfolio comprises quoted and non-quoted investments, options investments and in other investment funds that it intends to hold for an indefinite period of time.

The Company seeks to obtain capital appreciation of its assets principally through the utilization of a non-traditional options trading strategy described as "split strike conversion," to which the Company allocates the predominant portion of its assets. Set forth below is a description of the SSC Strategy ("SSC Investments"). The establishment of a typical position entails (i) the purchase of a group or basket of equity securities that are intended to highly correlate to the S&P 100 Index, (ii) the purchase of out-of-the-money S&P 100 Index put options with a notional value that approximately equals the market value of the basket of equity securities, and (iii) the sale of out-of-the-money S&P 100 Index call options with a notional value that approximately equals the market value of the basket of equity securities. An index call option is out-of-the-money when its strike price is greater than the current price of the index; an index put option is out-of-the-money when the strike price is lower than the current price of the index.

The Company's investing activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. The most important types of financial risk to which the Company is exposed are market risk, credit risk and liquidity risk.

Asset allocation is determined by the Company's Investment Manager who manages the distribution of assets to achieve its investment objectives. Divergence from target asset allocations and the composition of the portfolio is closely monitored by the Investment Manager to manage risk exposure.

The nature and extent of the financial instruments outstanding at the balance sheet date and the risk management policies employed by the Company are discussed below.

Market risk

Market risk embodies the potential for both loss and gains and includes currency risks, interest rate risk and price risk.

The Company's strategy on the management of investment risk is driven by the Company's investment objective as disclosed in note 3.6.1. The Company's market risk is managed on a daily basis by the Investment Manager in accordance with policies and procedures in place. The Company has defined risk/reward parameters which can be ascertained at the time a position is constructed. The split-strike conversion strategy is executed under a set of strict operating

guidelines which serves to limit market risk.

Market risk is measured and monitored both qualitatively and quantitatively using a number of in-house and third party risk tools. The Investment Manager monitors the portfolio and performs checks to monitor the investment compliance to operating guidelines.

Details of the nature of the Company's investment portfolio at the balance sheet date are disclosed in note 3.6.5.

Currency risk

The Company may invest in financial instruments and enter into transactions denominated in currencies other than its functional currency. Consequently, the Company is exposed to risks that the exchange rate of the USD relative to other currencies may change in a manner that has an adverse effect on the value of that portion of the Company's assets or liabilities denominated in currencies other than the USD.

At December 31, 2007, the Company did not have any exposure in currencies other than its functional currency.

Interest rate risk

The Company's interest rate risk is managed on a daily basis by the Investment Manager in accordance with policies and procedures in place.

As the majority of the Company's investments at December 31, 2007 are US treasury bills with short durations (i.e. less than one year), sensitivity to interest changes and consequent impact on net assets and profit is considered to be not material. Interest rate risk on cash balances is also considered not material.

Other price risk

Other price risk comprises the risk that the value of investments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all financial instruments traded in the market. As the majority of the Company's financial instruments are carried at fair value with fair value changes recognized directly in the income statement, all changes in market conditions will directly affect the Company's net investment income.

Price risk is mitigated by the Company's Investment Manager by constructing a diversified portfolio of instruments traded on various markets.

A typical position in its entirety could be characterized as a bull spread which, presuming the stock basket highly correlates to the S&P 100 Index, is intended to work as follows: (i) it sets a floor value below which further declines in the value of the stock basket is offset by gains in the put options, (ii) it sets a ceiling value beyond which further gains in the stock basket are offset by increasing liability of the short calls, and (iii) defines a range of potential market gain or loss, depending on how tightly the options collar is struck.

Credit risk

Credit risk is the risk that counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the balance sheet date. This relates also to financial assets carried at amortized cost, as they have a short-term to maturity.

3.6 Notes to financials statements as at December 31, 2007 and 2006

(All figures in USD thousands, except per share amounts and unless otherwise stated)

As at December 31, 2007, the following financials assets were exposed to credit risk:

	2007	2006
Cash and cash equivalents	103,966	622,866
Financial assets at fair value through profit or loss	7,173,165	5,555,567
Interest, dividends and other receivables	255	28,482
	7,277,386	6,206,915

Amounts in the above table are based on the carrying value of all accounts.

As a result of the Investment Manager's selection of Bernard L. Madoff Investment Securities, LLC ("BLM") as execution agent of the split strike conversion strategy, substantially all of the Company's assets will be held in segregated accounts at BLM, a U.S. registered broker-dealer and qualified custodian. Accordingly, BLM will be a sub-custodian of the Company. The services of BLM and its personnel are essential to the continued operation of the Company, and its profitability, if any.

The underlying assets of the Non-SSC Investments are held pursuant to custodial arrangements with other qualified entities.

Substantially all of the cash held by the Company is held by Citco Bank Nederland NV. Bankruptcy or insolvency by the bank may cause the Company's rights with respect to the cash held by the bank to be delayed or limited. The Company monitors its risk by monitoring the credit quality and financial positions of the bank.

Liquidity risk

The Company's constitution provides for the monthly creation and cancellation of redeemable participating shares and it is therefore exposed to the liquidity risk of meeting shareholder redemptions of redeemable participating shares at any time.

The Company's listed securities are considered to be readily realizable as they are all listed on major stock exchanges.

The Company's liquidity risk is managed on a periodic basis by the Investment Manager. The Company's redemption policy only allows for redemptions on the last day of each month and shareholders must provide 15 calendar days notice.

As of December 31, 2007, the Company's financial liabilities are all due within one month.

Off-balance sheet risk

An off-balance sheet risk exists when the maximum potential loss on a particular investment is greater than the value of such investment as reflected in the Company's balance sheet.

Off-balance sheet credit risk exists, among other situations, when the collateral received by the Company is insufficient to cover losses which might result from a counterparty's failure to fulfill its obligation under contracts with the Company.

As at December 31, 2007 and 2006, the Company had no significant off-balance sheet risks.

3.6 Notes to financials statements as at December 31, 2007 and 2006

(All figures in USD thousands, except per share amounts and unless otherwise stated)

3.6.7 Fees payable and accrued expenses

	2007	2006
Management fees	19,944	15,709
Performance fees	32,422	27,847
Administration fees	365	286
Legal and professional fees	141	95
Custody fees	60	46
Deferred fees	26,254	21,320
Other accounts payable and accrued expenses	18	23
	79,204	65,326

3.6.8 Redeemable participating shares

The authorized redeemable participating shares of the Company are USD 100,000 divided into 10,000,000 ordinary shares of USD 0.01 each. As at December 31, 2007 there were 5,533,438.46 (2006: 4,674,576.45) redeemable participating shares issued and fully paid.

Each redeemable participating share entitles the holder to one vote and to receive such dividends as declared by the directors and to participate upon liquidation on a proportional basis. The dividend policy is determined by the directors and the current policy is directed towards capital appreciation.

The Company will not accept a subscription tendered for shares at a time when the number of its outstanding shares is 10,000,000.

3.6.9 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Management fees

The Investment Manager receives a monthly management fee in an amount equal to one-twelfth of one percent 0.0833% (2006: 0.0833%) of the net asset value before performance fees, as calculated at the opening of the first day of each calendar month, which will include capital activity as of the first day of the month. This fee is payable monthly in arrears. A portion of this fee may be paid to an affiliate of Fairfield Greenwich Limited ("FGL") and the Investment Manager in consideration of the affiliate providing certain administrative services and back office support to the Company.

Performance fees

The Investment Manager receives a performance fee of 20% of the new appreciation in share value each quarter. The performance fees are calculated and payable quarterly in arrears. Shares which are either purchased or redeemed during a calendar quarter shall be subject to the payment of a performance fee only for the portion of the calendar quarter during which such shares were outstanding. The performance fee will only be paid on "new appreciation" in the Company's Net Asset Value allocable to the shares.

3.6 Notes to financials statements as at December 31, 2007 and 2006

(All figures in USD thousands, except per share amounts and unless otherwise stated)

Deferred Fee

The Investment Manager and FGL have the option to defer the payment of all or a portion of the performance fees and/or management fees. For 2007, the Investment Manager has deferred, for periods ranging from two to seven years, payment of the performance fees/management fees for an amount of USD 26,253,671 (2006: USD 21,319,809). Deferred fees earn market appreciation through investments in the Company, or in other permissible investments, as defined in the deferred fee agreement dated July 1, 2003. The remaining part of the performance fees/management fees as stated in the income statement are paid to the Investment Manager.

Directors' fees

The directors not affiliated with the Investment Manager, of which there are at the present time two, will each be paid a fee of USD 25,000 (2006: USD 25,000) per annum by the Company together with out-of-pocket expenses made in attending meetings of the board of directors or of shareholders.

Mr. Noel, a director of the Company, is also principal officer and director of the parent company of the Company's investment manager. Mr Noel has waived his fees in the Company as at December 31, 2007 and 2006.

The directors held no shares in the Company as at December 31, 2007 and 2006.

Administration fees

The Company pays to the administrator a monthly fee based on the net asset value of the Company as of the last business day of the month. The administrator will also be reimbursed for all disbursements and reasonable expenses incurred in the performance of its duties as detailed in the administrative services agreement.

Custody fee

The Company pays custody fees quarterly in arrears in accordance with the custody agreement. The custody fee will be accrued on a monthly basis. The custodian will charge the Company a transaction fee per transfer, subscription, purchase, sale or redemption of hedge fund assets.

Investments made during the year in trading securities in related party investment Funds are as follows:

	2007	2006
Trading securities bought	163,885	141,530
Trading securities sold	73,064	127,263

As at December 31, 2007 investment funds managed by related parties held 958,832.17 (2006: 707,423.41) shares in the Company.

3.6.10 Reconciliation IFRS-US GAAP

3.6 Notes to financials statements as at December 31, 2007 and 2006

(All figures in USD thousands, except per share amounts and unless otherwise stated)

As the Company is managed by an SEC registered investment advisor, it is required that the Company issues its financial statements in accordance with United States generally accepted accounting principles (US GAAP) or otherwise presents a reconciliation to US GAAP in the financial statements.

The Company has elected to prepare the financial statements in accordance with IFRS. Accordingly, a reconciliation of the net assets attributable to holders of redeemable participating shares under US GAAP follows:

		2007			**2006**	
		USD	NAV		USD	NAV
	Totals (000's)	Number of shares	per share	Totals (000's)	Number of shares	per share
Net assets attributable to holders of redeemable participating shares based on IFRS	7,147,059	5,533,438.46	1,291.61	5,624,715	4,674,576.45	1,203.26
Adjustment for:						
Valuation of investments against last price	-	-	-	-	-	-
Net assets attributable to holders of redeemable participating shares based on US GAAP	7,147,059	5,533,438.46	1,291.61	5,624,715	4,674,576.45	1,203.26

Valuation of investments against closing price

IFRS requires that financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices. US GAAP requires both financial assets as well as financial liabilities to be priced at the last quoted sales prices. As at December 31, 2007 and 2006 there is no difference between net assets attributable to holders of redeemable participating shares based on IFRS and US GAAP.

3.6.11 Financial Highlights

Pursuant to the AICPA Audit and Accounting Guide, Audits of Investment Companies, non-public investment companies are required to disclose certain financial highlights related to investment performance and operations. These financial highlights include the total return and net investment income and expense ratios and per share operating performance for the years ended December 31, 2007 and 2006 for the Company based on US GAAP.

Based on US GAAP	**2007**	**2006**

3.6 Notes to financials statements as at December 31, 2007 and 2006

(All figures in USD thousands, except per share amounts and unless otherwise stated)

Ratio of net investment loss to average net assets	(2.22%)	(1.98%)
Ratio of operating expenses and performance fees to average net assets:		
Operating expenses	1.13%	1.11%
Performance fees	1.72%	2.14%
Total operating expenses and performance fees	2.85%	3.25%

The computation of the above-mentioned ratios based on the amount of operating expenses and performance fees assessed to an individual investor's equity may vary from these ratios based on the timing of capital transactions.

Based on US GAAP	**2007**	**2006**
Total return:		
Total return before performance fees	9.14%	11.72%
Performance fees	(1.80%)	(2.34%)
Total return after performance fees	7.34%	9.38%

Total returns stated above are the total returns for the Company as a whole before and after performance fees based on the total capital subscriptions and redemptions and the change in net asset value during the years for the Company.

Based on US GAAP	**2007**	**2006**
Per share operating performance		
Net asset value, beginning of period	1,203.26	1,100.08
Net investment gain or (loss)	(27.72)	(22.93)
Net realised and unrealised gains/(losses) on transactions	116.07	126.11
Total from investment operations	88.35	103.18
Net asset value, end of period	1,291.61	1,203.26

The schedule above provides a breakdown of the increase in net asset value per share into the net investment result and net realised and unrealised gain/losses on transactions.

3.6.12 Post balance sheet events

3.6 Notes to financials statements as at December 31, 2007 and 2006

(All figures in USD thousands, except per share amounts and unless otherwise stated)

There were no material post-balance sheet events which have a bearing on the understanding of the financial statements.